

Title 20--DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND PROFESSIONAL REGISTRATION
Division 500--Property and Casualty
Chapter 7—Title

PROPOSED RULE

20 CSR 500-7.050 Disclosure of Premiums and Charges.

PURPOSE: This rule implements the disclosure of material price information pursuant to sections 381.019 and 375.144, RSMo.

(1) Disclosure with Price Estimate.

(A) When a prospective purchaser of title insurance or other party to the residential real estate transaction contacts a title insurer, title agency or title agent for a price estimate, the following must be disclosed:

1. Title insurance premium as calculated based upon the filed title insurance risk rate(s);
2. Closing protection fee as calculated based upon the filed closing protection rate;
3. Title service charges, including, but not limited to, abstracts, search and examination fees; and
4. Closing or settlement charges.

(B) The above items may be disclosed orally or in writing.

(C) If the above prices are disclosed, the amount may also be totaled.

(D) Upon further inquiry or request by a prospective purchaser of title insurance or other party to the residential real estate transaction for explanation, the title insurer, title agency or title agent shall disclose that title premium and closing protection fee are determined by rate schedules filed with the state, but the title service charges, closing charges and other charges are not filed with the state and may vary between different title insurers, agencies and agents.

(E) If the title insurer, title agency or title agent discloses the above information in writing when giving a price estimate, the following disclosure statement (Form T-1), or a statement that substantially comports with the following, is acceptable:

Title Insurance Premium and Title Service Charge Disclosure Statement

To: _____

Based upon the information available to us at this time, we estimate that you will pay as part of your residential real estate transaction the following premiums, charges and/or fees:

- 1) title insurance premium: _____
- 2) closing protection fee(s): _____
- 3) title service charge(s) (i.e. search and examination, clearing items, etc.): _____
- 4) closing charge(s): _____

Title insurance premium and a closing protection fee have been calculated according to rates filed with the Missouri department of insurance, financial institutions and professional registration. But title service charges, closing charges and other fees are not limited by state law and may vary among title insurers, agencies and agents.

For further general information regarding title insurance, you may visit the Missouri Insurance website at www.insurance.mo.gov or call the Missouri Department of Insurance, Financial Institutions and Professional Registration at (800) 726-7390.

Date

Title Agent

(2) Disclosure at a Residential Real Estate Closing. Title insurance premium, fee and charge disclosure at the closing of a residential real estate transaction shall be made in the following manner:

(A) Closings that involve use of a HUD-1 form.

1. Premium should be the only amount totaled on the “Title Insurance” line, usually line 1108. If multiple title insurance policies are reflected in the “Title Insurance” line, the premium amounts associated with each title insurance policy shall be distinguished on the HUD-1 form on a line other than the “Title Insurance” line.

2. Other charges, including but not limited to, the closing protection fee, abstract or title search and examination fees, escrow, settlement or closing fees, or other associated charges or fees shall be listed on lines other than the “Title Insurance” line.

(B) Closings that do not require use of a HUD-1 form.

Disclosure shall be made on a disclosure form in substantially the same format as the form set forth in section (1)(E) of this rule, but with final price detail and an acknowledgement of receipt by the purchaser.

(3) Misleading or Confusing Terms in Marketing Materials.

(A) Title insurers, title agencies and title agents shall not use the terms “rate”, “card rate”, “premium” or other terms of similar import in marketing materials to describe an all-inclusive title insurance price, which aggregates both:

1. Premium, and

2. Charges that may be negotiable in the particular transaction.

(B) The total amount in subparagraph (1)(c) of this rule may be described in terms which convey both premium and charges, such as “total cost for title insurance and services” or “total cost for title insurance and charges.”

AUTHORITY: sections 374.045, 381.019 and 381.042, RSMo.

PUBLIC COST: This proposed amendment will not cost state agencies or political subdivisions more than \$500 in the aggregate.

PRIVATE COST: This proposed amendment will cost private entities \$26,500 per title agency initially and \$12,000 per title agency annually, thereafter.

NOTICE OF PUBLIC HEARING AND NOTICE TO SUBMIT COMMENTS: A public hearing will be held on this proposed amendment at 10:00 a.m. on February 26, 2008. The public hearing will be held at the Harry S. Truman State Office Building, 301 West High Street, Room 530, Jefferson City, MO. Opportunities to be heard at the hearing shall be afforded to any interested person. Interested persons, whether or not heard, may submit a written statement in support or in opposition to the proposed amendment, until 5:00 p.m. on February 26, 2008. Written statements shall be sent to Tamara Kopp, Department of Insurance, Financial Institutions and Professional Registration, P.O. Box 690, Jefferson City, MO 65102.

SPECIAL NEEDS: If you have any special needs addressed by the Americans with Disabilities Act, please notify us at (573) 751-6798 or (573) 751-2619 at least five working days prior to the hearing.